

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-45-C - ORDER NO. 2004-299

JUNE 18, 2004

IN RE: Joint Application of BellSouth BSE, Inc. and BellSouth Long Distance, Inc. for Approval of Merger.) ORDER GRANTING) MOTION AND JOINT) APPLICATION
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I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the “Commission”) upon a Joint Application by BellSouth BSE, Inc. (“BSE”) and BellSouth Long Distance, Inc. (“BSLD”) seeking Commission approval of a merger of BSE into BSLD and upon a Motion for Expedited Ruling on Joint Application on the Basis of Verified Testimony (“Motion”). For the reasons set forth below, the Commission finds that both the Motion and the Joint Application should be granted.

On February 17, 2004, BSE and BSLD filed a Joint Application seeking an order approving the merger of BSE into BSLD, including without limitation the transfer and/or merger of BSE's existing Certificate of Public Convenience and Necessity (including and subject to the Stipulation between BSE and the South Carolina Telephone Coalition) into BSLD. On the same day, BSE and BSLD filed the verified testimony of Mario L. Soto (consisting of 16 pages and 4 exhibits) with the Commission. Mr. Soto's verified testimony supports the Joint Application. MCI WorldCom Communications, Inc. and MCI Metro Access Transmission Services, LLC (collectively “MCI”) filed a Petition to

Intervene on April 1, 2004. AT&T Communications of the Southern States, LLC (“AT&T”) and ITC^DeltaCom Communications, Inc. (“DeltaCom”) filed Petitions to Intervene on April 2, 2004. Both MCI and AT&T subsequently withdrew their intervention in this docket.

On May 13, 2004, BSE and BSLD filed their Motion requesting an expedited ruling on the Joint Application on the basis of the verified testimony that was filed in this docket. This Motion notes that MCI and AT&T have withdrawn their intervention in this docket and that while DeltaCom did not withdraw its intervention, counsel for DeltaCom authorized BellSouth to inform the Commission that DeltaCom remains in this proceeding for monitoring purposes only and that DeltaCom has no objection to the Commission deciding the Joint Application on the basis of the verified testimony. In the Motion, therefore, BSE and BSLD requested the Commission to rule on their Joint Application at the earliest possible agenda session on the basis of the verified testimony in the record in this proceeding. The Commission considered this Motion during its agenda session of May 18, 2004, and determined that the Motion should be granted. The Commission then considered the Joint Application and the verified testimony of Mario L. Soto supporting the Joint Application.

II. SUMMARY OF TESTIMONY AND DISCUSSION

The uncontroverted evidence of record shows that BSE and BSLD are both wholly-owned subsidiaries of BellSouth Corporation. (Verified Testimony of Mario Soto at 2-3). BSE provides local exchange telecommunications services in the State of South Carolina pursuant to a Certificate of Public Convenience and Necessity the Commission

granted in Order No. 97-1063 in Docket No. 97-361-C, (*Id.* at 3), and BSLD provides certain intrastate interexchange telecommunications services throughout South Carolina pursuant to a Certificate of Public Convenience and Necessity granted or approved by the Commission in Order No. 97-963 in Docket No. 97-285-C. (*Id.* at 2-3). The primary purposes behind the proposed merger are customer satisfaction and efficiency (*Id.* at 4-5), and the proposed corporate change is strictly *pro forma* and will not impact the provision of telecommunications services in South Carolina. (*Id.* at 6). BSLD and BSE plan to provide notice to BSE's existing customers of the impending merger. (*Id.* at 9; Exhibit MLS-3).

BSLD states that after the merger is completed, it will continue to provide the long distance services it already provides in South Carolina. (*Id.* at 8). BSLD also expects to offer a variety of local services, initially primarily to business customers in South Carolina with an emphasis on complex data services, particularly frame relay service after the merger. (*Id.*). BSLD expects that its local and long distance services will be offered both individually and as packages to give customers the benefit of one-stop shopping. (*Id.* at 8-9). BSLD may also offer local services to residential and business customers in South Carolina in the future. (*Id.*).

BSLD will provide local services in the same geographic areas in which BSE is authorized to provide services. (*Id.* at 14). More specifically with regard to local exchange services, BSLD seeks authority to provide such services on a statewide basis in South Carolina, subject to the conditions contained in the Stipulation that BSE has signed with the South Carolina Telephone Coalition ("SCTC"). (*Id.* at 14). Appendix A to this

Order is a copy of this Stipulation which was approved in BSE's certification docket.

See, Order No. 97-1063, dated December 23, 1997, Docket No. 97-361-C.

After the merger is complete, BSLD will file tariffs that are identical to the ones that are currently on file with the Commission and that are identified as BSE South Carolina P.S.C. Tariff No. 1, except that the carrier name will be changed from BSE to BSLD. (*Id.* at 14-15). These tariffs will contain the same prices and terms and conditions of services that BSE is providing today. (*Id.*).

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. BSLD and BSLD have set forth with particularity the proposed geographic area to be served by BSLD after the merger. (Verified Testimony of Mario Soto at 14).

2. BSE and BSLD have identified the price list and informational tariff regarding the types of local exchange and exchange access services to be provided by BSLD after the merger. (*Id.* at 14-15).

3. BSLD will possess technical, financial, and managerial resources sufficient to provide the services BSLD intends to provide after the merger. (*Id.* at 6-8).

4. The services BSLD intends to provide after the merger will meet the service standards that the Commission may adopt. (*Id.* at 10-11).

5. Provision of the services BSLD intends to provide after the merger will not adversely impact the availability of affordable local exchange service. (*Id.* at 11).

6. To the extent it may be required to do so by the Commission, after the merger BSLD will participate in the support of universally available telephone service at affordable rates. (*Id.* at 11-12).

7. Provision of the services BSLD intends to provide after the merger will not otherwise adversely impact the public interest. (*Id.* at 12-13).

IV. CONCLUSION

Based on the foregoing, it is hereby ordered that:

1. The Motion for Expedited Ruling on Joint Application on the Basis of Verified Testimony is granted.

2. The Joint Application for a merger of BSE into BSLD, including without limitation the transfer and/or merger of BSE's existing Certificate of Public Convenience and Necessity (including and subject to the Stipulation attached to this Order as Appendix A) into BSLD is approved.

3. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

/s/
Mignon L. Clyburn, Chairman

ATTEST:

/s/
Bruce F. Duke, Executive Director

(SEAL)